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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger

SUBJECT: Soviet Internal Troubles

Several recent events have led the Kremlin watchers to conclude that there may be trouble in the top Soviet leadership. Few observers are ye t predicting a major purge or the downfall of Brezhnev, Podgorny or Kosygin, but the economic problems are serious enough for some casualties to occur. Moreover, further economic reorganization seems inevitable, which, in turn, would aggravate political tensions.

Background

What has been happening in the Soviet Union in the past several years is that the rate of economic growth has been declining. Last year industrial growth hit rock bottom, the lowest rate since 1946, and the prospects are not much better for 1970. The overall economic growth was only 2-1/2 percent, the lowest since 1963.

Bad weather last year played a role, but the basic problems are a decrease in industrial investment, and more important, a failure to maintain increases in productivity -- sometimes called the technological gap.

After the fall of Khrushchev the new leaders set out to increase the supply of consumer goods, and at the same time raise spending for defense, including the large buildup in the Far East. Though they recognized that the Soviet economy was stretched thin, they hoped that an industrial reform involving use of the "profit system," would provide a new stimulus to investment and growth.

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NSA, NSS, review completed

No Objection to Declassification in Full 2012/05/01 : LOC-HAK-288-4-4-4

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Last December, when Soviet party and government meetings were held to review the state of the economy and approve the economic plan for this year, matters came to a head. Brezhnev apparently made a long speech (never released) in which he lambasted nearly everyone -- planners, management, as well as the average worker, for lack of discipline, poor performance by ministries, etc. He was also highly critical of agriculture, primarily failures in stockbreeding, and the decrease in the production of meat, milk and eggs (a chronic Russian complaint).

No remedies are in sight, and what Brezhnev offered was mainly exhortation to "improve organization and management, strengthen discipline," i.e., formulas which date back to Khrushchev's days.

The reason, of course, is that the Soviet leaders are reluctant to face up to the failure of their own industrial reforms. None of the leaders can suggest a new program of reform which would spur economic progress and at the same time preserve central political control. This is a central Soviet dilemma.

The critical point

Other Evidence of Dissension

Added to these underlying problems have been a number of those signals that the experts usually associate with political troubles in the Kremlin.

Last November, the Soviet party, after numerous postponements, held a huge conference on collective farming to create a Cooperative Farm Union, empowered to direct regional agriculture. Instead a rather meaningless advisory council was created and the meeting ended in great disarray.

In the last several months there have been more than the usual number of removals of middle to upper level echelon officials, including a party secretary in the regional republics.

Conclusions

In examining the stability of the political leadership, CIA, in the attached report (Tab A) concludes that despite some evidence of political troubles, tensions are not climbing sharply. The nearness of the Lenin 100th anniversary (April 1970) is an incentive for the leadership to keep affairs ~~on an even keel~~.

Let us now plan to treat this with "intelligent restraint"

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If and when the unity breaks down, however, CIA sees a possible generational split developing between the older politburo members (Brezhnev, Kosygin and Podgorny) and a younger group. This latter group, chiefly First Deputy Premiers Mazurov and Polyansky and the aggressive trade union leader Shelepin may be more and more impatient with the temporizing policies of the older leaders.

The Party Congress, which is expected this year, might bring problems to a head. All of the top leaders will want to ensure their supporters retain key positions. The older group under Brezhnev may try to expand its mandate at the Congress, while the younger group would be inclined to block this prospect.

Implications for the US

Foreign policy issues do not seem to play a major role in current problems, but differences over China, and over relations with the West, quite possibly related to SALT and the defense budget, may contribute to frictions and differences over internal matters.

Perhaps the more basic aspect for us is that the present leadership may simply be running out of gas, and that a change is likely to come sooner rather than later. If so, we might be wary of committing ourselves to the present leadership, or relying on their stability as a longer term element in our calculations.

K- note (They may need us (for a price -)

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ACTION
January 31, 1970

MEMORANDUM FOR MR. KISSINGER

FROM: Helmut Sonnenfeldt

SUBJECT: Memo to the President on Soviet Internal Policy

I have done a memorandum discussing some of the background of the present troubles of the Soviet leadership -- mainly economic affairs -- and some speculation on Soviet political stability. Your memo to the President (Tab A) draws on the attached CIA report (Tab B) and checks with various Sovietologists in town and adds some comments on the implications for us.

RECOMMENDATION

That you forward the memo (Tab A) and the CIA report (Tab B) to the President

WH:mm

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